nd mangement system fo* reduction of T&D losses, efficient use of Energy, reduction in environmental degradation, use of cost-effective alternate Energy sources, and securing bilateral or multilateral assistance for programme development under the MOU.

Agreement with Hong Kong for Power Projects

2134. SHRI ISH DUTT YADAV: Will the Minister of POWER be pleased to state :

(a) whether it is a fact that Government have entered into an agreement with a Hong Kong based company for joint power stations in the country;

(b) if so, what are the terms and conditions of the agreement;

(c) the States in which these power stations are proposed to be set up and by when these projects are likely to be set up; and

(d) the extent to which the power situ ation in these States is likely to be im proved as a result thereof?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI P. V. RANGAYYA NAIDU) : (a) to (d) M/s. Consolidated Electric Power Asia Limited (CEPA), a subsidiary of Hopewell Hold-in.s Limited, Hong Kong has shown preliminary interest in setting up two coal bas?d thermal power projects of 8x660 MW capacity each. CEPA and Power-grid Corporation of India Ltd. have signed an initial Memorandum of Understanding in th's regard. M/s. CEPA proposed to commission the projects in a period of about 4 to 5 years from the date of financial closure for projects.

Viability of Power Projects

2135. SHRI KRISHNA KUMAR BIRLA : Will the Minister of POWER be pleased to state :

(a) whether Government's attention has been drawn to a news-item in the 'Statesman' dat^d the 8th November, 1994, captioned "Doubts over viability of power projects";

(b) if so. whether the clearance to fast-tract power projects in the country are creating serious financial erisis;

fc> if so, what are the details of views of Government in this regard; and

(d) the reaction of Government on draft discussion paper prepared bv Indira Gandhi Institute of Development Research, Mumbai?

THE MTNISTER OF STATE TN THF. MINISTRY OP POWER (SHRI P. V. RANGAYYA NAIDU): (a) Yes. Sir.

fb) No, Sir.

(c) Does not arise.

(d) The observations attributed to the discussion paper of Indira Gandhi Institute of Development Research, Mumbai have been examined by tlie Ministry of Power and are found to be based on certain assumptions which are unrealistic and have resulted in highly inflated counter-guarantee exposure amounts. The discussion paper assumes that the counter-guarantee would be provided to projects totalling 20,000 MW for an amount of about US $ 10 billion per year, which is assumed to be 3% of the GDP of the country. As against the assumed figure of 20,000 MW, the Government has agreed in principle to extend the counter-guarantees to eight projects for a capacity of only 4,808 MW. The counter-guarantee extended to Enron is a limited guarantee in terms of both its scope and term and places an annual guarantee limit at Rs. 1,500 crores with provisions for escalation. The payment obligations in respect of the other 7 projects for which counter guarantee has been agreed would be of the order of Rs. 7,403 crores. The Central Government's exposure is thus expected to be only about Rs. 8,903 crores (US $ 2.8 billion) for all these projects which would only be about 0.8% of the GDP if this is fo be compared with the 3% of GDP figure of the discussion paper. The other assump'ion is that the State Electricity Boards and the States would •nvariably default all the time on their payment obligations to the private power companies, which s v/holly against the experience of Central PSUs wh'ch have been selling massive quantum of power to tin S:.'" Electricity Boards. It needs to be emphasised that the counter-guarantees in actuality do not expose the Central Government to this high degree of financial liability as there are adequate safeguards built in the scheme part'cularly thf right of the Central Government to debit the Account of the States with the RBI in'o which the devolution due fo the States from the Centre are credited. The possibility of the counter-guarantees actually be ng trigerred are extrem^lv^ remote. Th» cou'ner-guarantees ar? conceived as only a confidence b'r'ld'ng measure and there is no reason that these would lead to a financial crisis for the Central Government.

Regulation of Power Supply to Delhi by NFPC

2136. DR. NAUNIHAL SINGH: Will the Miuster of POWiiR be pleased to state:

(a) whether it ts a fact that National Thermal Powei Corporation (NTPC) has dwded fo regulate power supply to D«'hi. following non-pavment of energy b'lls w'th DnUii Electricity Supply Undertaking (DESU): if so, what are the details thereof; aad